

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Municipal Administration and Urban Development Department – APUFIDC - A.P. Re-organisation Act, 2014 Schedule IX – Re-organisation of companies - De-merger plan of APUFIDC – Approved – Orders – Issued.

MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (UBS) DEPARTMENT

G.O.Ms.No. 130

Dated: 01.06.2014

Read the following:

1. Lr.No.3685/INF/2014, dated 20.03.2014 from Principal Secretary & CIP, Industries and Commerce (SRC) Department.
2. Govt.Memo No.10411/SR/A1/14, dated 29.03.2014 from Chief Secretary to Government.
3. From Managing Director, APUFIDC Lr.Roc.No.324/2014/Supndt., dated 06.05.2014.

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ORDER:

Consequent bifurcation of Andhra Pradesh State, instructions were issued in the reference 1st read above for preparation of de-merger plan of companies listed in the IX schedule of Andhra Pradesh Re-organisation Act 2014. Further in the reference 2nd read above instructions were also issued to initiate measures so that two undertaking in both successor states would start functioning on and after the Appointed Day of 2nd June, 2014.

2. The Managing Director, APUFIDC Limited, vide his letter 3rd read above, has informed that the Board of Directors of APUFIDC studied the de-merger plan prepared in view of Re-organisation of the state in two successor states of Telangana and Andhra Pradesh on 27.03.2014 and resolved to approve the same. Accordingly the Managing Director, APUFIDC has submitted the De-merger plan of APUFIDC for approval of Government.

3. The Government after careful consideration hereby approve the De-merger plan of APUFIDC as annexed to this order.

4. The Managing Director, APUFIDC shall take further necessary action duly following the provisions under A.P. Re-organisation Act, 2014 and other related legal provisions in the matter.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.K.JOSHI
PRINCIPAL SECRETARY TO GOVERNMENT (MA) FAC

To

The Managing Director, APUFIDC Limited, Hyderabad (w.e.).

Copy to:

The Commissioner and Director of Municipal Administration, Hyderabad.

The Engineer-in-Chief (Public Health), Hyderabad.

The Director of Town and Country Planning, Hyderabad.

The Commissioner, Greater Hyderabad Municipal Corporation.

The General Administration (SR) Department.

The P.S. to Chief Secretary to Government.

The P.S. to Principal Secretary to Government, Industries and Commerce Department.

The P.S. to Principal Secretary to Government (MA).

The P.S. to Principal Secretary to Government (UD).

Sf/sc

//FORWARDED BY ORDER//

RESEARCH OFFICER

ANNEXURE TO G.O.Ms.No. 130 DATED: 01.062014
DEMERGER PLAN

FOR CREATION OF TWO DISTINCT STATE UNITS IN
ANDHRA PRADESH URBAN FINANCE AND INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED OR TWO SEPARATE COMPANIES
UNDER THE ANDHRA PRADESH REORGANISATION ACT, 2014

1. Preamble:

Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited (APUFIDC) was incorporated on 12th January 1993 under the Companies Act 1956 with registration No. 01-15241 of 1992-93. The Company Identification Number (CIN) allotted by the Ministry of Corporate Affairs, Government of India for the company is U65993AP1993SGC015241. APUFIDC is under the administrative control of the Municipal Administration & Urban Development Department of Government of Andhra Pradesh. APUFIDC is a fully owned State Government Company. The Business Activity of the Organization is to act as a Channelising agency and nodal agency for implementation of all State and Central Government funded schemes in the Urban Local Bodies (ULBs) of the existing State of Andhra Pradesh.

With passing of the Andhra Pradesh Reorganisation Act, 2014, it has become necessary for this Company which has operations throughout the existing State of Andhra Pradesh to divide or demerge its operations between the respective successor States of Telangana and Andhra Pradesh into two separate divisions within the Company till they are formally demerged into two separate companies.

This document is a Plan detailing the mechanics of such demerger of the operations of the Company into two divisions.

2. The main objectives of APUFIDC Ltd

As per the Memorandum of Association of the Company the main objects are as under:-

- i. to provide financial assistance by way of loans and advances to Urban Local Bodies including Municipalities, Notified Area Committees, Urban Development Authorities or such other local bodies as may be notified by Government from time to time in the State for their development schemes.
- ii. to provide technical or any other assistance and guidance to Urban Local Bodies in the matter of their developmental schemes, including implementation of the Master / Detailed Development Plans prepared for the Urban Local Bodies i.e., Low Cost Sanitation Schemes, NRY, E.I. Schemes, etc.,
- iii. to provide assistance and guidance to Urban Local Bodies for improving their administrative machinery and procedure.
- iv. To accept appointment as trustees and to act as trustees for trusts or other funds, including but not limited to municipal funds and for that purpose to set up, promote, settle and execute trusts and device various schemes for raising funds in any manner from person, bodies corporate, trusts, societies, association of persons in India and to collect moneys by way of contributions, loans and otherwise for and on behalf of trusts or other funds and to deploy the monies/funds raised and earn reasonable returns, on their investments and to acquire, hold manage, dispose of all or any property or assets.

v. To act as consultants, financial advisors and investment advisors and to render such consultancy, financial, and investment advisory services to individuals, companies, corporations, trusts, government, state, local authority, association, institution (whether incorporated or not) or any other agency or organisation and other entities.

3. Board of Directors of the Company : -

The Board of Directors of the Company is appointed by the State Government of A.P. The power of the Board of Directors of the Company is to provide policy frame work for the Company and under whose guidance, the Managing Director is responsible for the conduct of the day to day affairs of the Company. The Board meetings and Annual General Meetings (AGM) are being held as per the provisions of Companies Act.

The Board of Directors of the APUFIDC at the time of incorporation, notified by the GoAP was as under:

Minister for Municipal Administration	Ex-officio Chairman
Principal Secretary to Govt., MA&UD	Ex- officio Director
Secretary to Govt., Finance & Planning (Finance Wing)	Ex- officio Director
Secretary to Govt., Finance & Planning (Planning Wing)	Ex- officio Director
Commissioner & Director of Municipal Admn.	Ex-officio MD

In the year 2005 the Government vide G.O. Ms.No.72 MA of MA&UD(UBS) Dept. Dt. 18.2.2005 has constituted the AP Urban Infrastructure Fund (APUIF) as a Trust and restructured the role of APUFIDC Limited as an asset manager. In the same G.O. the Government has also restructured the Board of Directors of APUFIDC Limited as follows.

Restructured Board of APUFIDC Limited:

Principal Secretary, to Government ,Finance,	Chairman
Principal Secretary to Govt., MA&UD	Director
Commissioner & Director of Municipal Administration	Director
Director of Town and Country Planning	Director
Engineer-in-Chief, PH	Director
Managing Director, APUFIDC	Mng. Director

4. Current Activities of the Company: -

1. The APUFIDC Ltd is presently the channelising agency for funds released by Central and State Governments under different schemes for various developmental activities in Urban Local Bodies.

APUFIDC Ltd is the State Level Nodal Agency (SLNA) for the Centrally Sponsored Scheme of JNNURM for all the components i.e, UIG, BSUP, UIDSSMT & IHSDP.

2. The APUFIDC Ltd is the designated **Nodal Agency** for

- (a)Tax Incremental Financing (**TIF**)
- (b) Affordable Housing in Partnership (AHIP)

The APUFIDC Ltd is the designated Coordinating Agency for
Rajiv Rinn Yojana (RRY)

3. The APUFIDC Ltd is the Asset /Fund Manager to National Institute of Urban Management (NIUM) and to the A.P. Urban Infrastructure Fund (APUIF)

created by the Government of Andhra Pradesh in the form of a Trust under which schemes like JNNURM, APMDP (World Bank assisted scheme) are being operated.

5. Rationale for Demerger plan:

The Andhra Pradesh Reorganisation Act, 2014 (Act No.6 of 2014) vide Part II, reorganized the existing State of Andhra Pradesh into two successor States by carving out and forming the Telangana State and leaving the balance territories as the residuary State of Andhra Pradesh. The appointed date for such reorganization and formation of the successor States is notified as the 2nd day of June 2014. The said Act in schedule 9 has listed out the Government Companies and Corporations. APUFIDC Ltd is one of those Government Companies listed under Schedule 9 of A.P. Reorganisation Act, 2014.

Section 68(2) of the Andhra Pradesh Reorganisation Act, 2014 mandated that the assets, rights and liabilities of the companies and corporations referred to in schedule 9 to the Act shall be apportioned between the successor States in the manner provided in section 53. Provision to section 53 of the Act specified the basis of apportionment for those companies the operations of which become inter-State by virtue of the provisions of Part II of the said Act.

As on date, the APUFIDC is rendering services for the entire State of Andhra Pradesh and will continue to do so as on the appointed date (2nd June, 2014), hence under the Act the Company would become an inter State entity catering to both the successor States of Andhra Pradesh and Telangana or two separate Companies. In order to comply with the provisions of the above sections of the Act and also to carry out the services effectively to both the successor States the Company need to have two distinct units under the same Company catering to both the States respectively / two separate Companies with clear division of assets, liabilities, contracts and manpower as directed by the Government of A.P., Industries & Commerce (SRC) Department vide its letter No. 3685/INF (SRC)/2014 dated 20.03.2014 (copy enclosed as **Annexure-I**). Subsequent to the appointed date the assets, liabilities, contracts and manpower of the Company pertaining to the Telangana division/State apportioned under this Demerger Plan can be demerged and transferred to a new Company to be created for Telangana and continue the residuary company with the Successor State of Andhra Pradesh.

This Demerger Plan therefore, is a prelude to the Scheme of Demerger to be filed with the Central Government for a formal demerger of the company into two successor companies one each for both the successor States under the Andhra Pradesh Reorganisation Act, 2014.

6. Contents of the Plan:

This Plan for demerger makes provision for various other matters consequential or related thereto and otherwise integrally connected with the proposed demerger of the business of the company into two different operating units/Companies

This demerger plan is divided into following parts.

(i) Part I deals with the definitions and share capital of the company;

(ii) Part II deals with the mechanics of the apportionment of the assets, rights and liabilities of the company between the Telangana and Andhra divisions/States; and

(iii) Part III deals with the General Terms and Conditions.

The demerger plan has been drawn up in accordance with the provisions laid down by sub-section (19AA) of Section 2 of the Income Tax Act, 1961 to the extent applicable read with section 74 of the Andhra Pradesh Reorganisation Act, 2014, so as to enable the company to utilize the same for the Scheme of demerger at a later date.

If any terms and provisions of the Demerger Plan is/are found or interpreted to be inconsistent with the provisions of any Law at a later date, including resulting from an amendment of Law or for any other reason whatsoever, the Plan shall stand modified to the extent determined necessary to comply with such Law. Such modification will however not affect other parts of the Plan.

7. Effect of the Demerger Plan:

The Demerger Plan once approved by the Board of Directors of the Company and the Government will result in the following.

(i) all the properties of the company relatable to the Telangana State, being transferred to the Telangana division/Company shall become properties of that division/Company;

(ii) all the liabilities of the company relatable to the Telangana State, being transferred to the Telangana division/Company shall become liabilities of that division/Company;

(iii) all the properties and the liabilities of the company relatable to the Telangana State, being transferred to the Telangana division/ Company shall be transferred at the values appearing in the books of account of the company immediately before such transfer. For this purpose any change in the value of assets consequent to their revaluation, if any shall be ignored;

(iv) the transfer of assets and liabilities to the Telangana division/Company shall be on a going concern basis;

(v) Rest of the assets and liabilities of the company retained in the company and relate to the Seemandhra will become the assets and liabilities of Seemandhra Division/Company; and

Part I

Definitions and Share Capital

I. In this Demerger Plan, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning.

- (a) **“Appointed date for the Plan”** means 1st April, 2014 or such other date as may be approved by the Government.
- (b) **“Board of Directors” or “Board”** means the Board of directors of APUFIDC and includes any committee of directors or any person duly constituted and authorized by the Board of Directors.
- (c) **“Company”** means Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited.
- (d) **“Demerger Plan” or “Plan”** means this demerger plan together with all the schedules and annexures which shall form part of this Plan and shall be submitted to the Board and the Government
- (e) **“Effective Date for the Plan”** means the date on which the Government approves the Demerger Plan on the recommendation and approval of the Board of Directors.
- (f) **“Government”** means the State Government of the existing State of undivided Andhra Pradesh
- (g) **“Population ratio”** means the ratio based on the population of the existing State of Andhra Pradesh as per 2011 Census, which is **58.32 : 41.68** between the successor States of Andhra Pradesh and Telangana respectively as defined in the Andhra Pradesh Reorganisation Act, 2014.
- (h) **“Seemandhra Division”** means that part of the company comprising of the assets, rights, liabilities either present or future, contingent or of whatsoever nature which are apportioned to the successor State of Andhra Pradesh as per the terms of this Demerger Plan.
- (i) **“Telangana Division”** means that part of the company comprising of the assets, rights, liabilities either present or future, contingent or of whatsoever nature which are apportioned to the successor State of Telangana as per the terms of this Demerger Plan.
- (j) All terms and words not defined in this Plan shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the concerned Laws or Acts as the case may be including any statutory modifications or re-enactment thereof from time to time.

II. **Date when the Plan comes into operation:**

The Demerger Plan set out herein in its present form or with any modifications approved or imposed or directed by the Board or the Government shall become effective from the Effective Date but shall be applicable and come in to operation from the Appointed Date.

III. Share Capital:

The Authorised, issued, subscribed and paid-up share capital of APUFIDC as on 31.03.2014 is as under. The shares of the company are not listed on any stock exchange and the entire share capital is held by the Government of Andhra Pradesh in the name of Governor of Andhra Pradesh and two other officers nominated by it.

S.No.	Particulars	Amount in Rs.
01	Authorised Share Capital 5,00,000 equity shares of Rs.100/- each	5,00,00,000
02	Issued, Subscribed and Paid-up share capital 15,004 equity shares of Rs. 100/- each	15,00,400

The above Paid-Up share capital of the company shall be divided between the Seemandhra and Telangana divisions/Companies in the Population ratio (58.32 : 41.68) as stipulated in the Andhra Pradesh Reorganisation Act, 2014, upon effectiveness of the Plan and will be indicated in their respective divisional/Companies Balance sheets as under from the appointed date of the Plan:

S.No.	Particulars	Amount in Rs.
01	Issued, Subscribed and Paid-up share capital 15,004 equity shares of Rs. 100/- each	15,00,400
1.1	Paid-Up Share capital of Seemandhra division/Company 8,750 equity shares of Rs. 100/- each	8,75,000
1.2	Paid-Up Share capital of Telangana division/Company 6,254 equity shares of Rs. 100/- each	6,25,400

Part II

Demerger of APUFIDC into Telangana Division /Company and Seemandhra Division/Company

Section 1

Allocation and vesting of assets and liabilities etc. between
Telangana Division/Company and Seemandhra Division/Company

IV. APPORTIONMENT AND TRANSFER OF ASSETS:

Upon coming into effect of this Plan and with effect from the Appointed date of the Plan-

- a. **Basis of apportionment:** All the assets of the company as far as possible shall be allocated / apportioned as the case may be to the successor State divisions/Companies based on their location and identification with the geographical area of the respective successor States. Any asset which cannot be identified to a particular geographical area of the successor State division shall be apportioned to the respective State divisions/Companies on the population ratio.
- b. **Transfer and vesting:** Subject to the provisions of this Plan the assets as apportioned under this Plan between the Seemandhra Division/Company and Telangana Division/Company be transferred and vest in the respective divisions/Companies without any further act or deed, on a going concern basis, as at the day immediately preceding the Appointed Date of this Plan.
- c. **Movable assets:** Upon coming into effect of this Plan the transfer and vesting of the movable assets of the company be effected as follows;
 - i. **Physical delivery of assets:** All the movable assets including cash in hand, all inventory lying at various locations as apportioned between the Seemandhra and Telangana divisions/Companies be handed over physically by manual delivery to the end and intent that the property therein passes to the respective divisions on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the respective division/Company. Such delivery shall be made on a date which is within 15 days of the approval of this Plan by the Government.
 - ii. **Current assets, claims etc:** For all actionable claims, transfer of sundry debtors, related investments and outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances, deposits with any statutory authorities or departments of the State or Central Government, indemnity, Guarantee, Undertakings furnished to any department or authority of the State and or Central Government the Company shall give notice in such form as they may deem fit and proper to each such party, debtor, depositor as the case may be that pursuant to this Demerger Plan as approved by the Government the said debt, loan, advance etc., be paid or made good or held on account of the respective divisions/Companies viz. Seemandhra and Telangana Divisions/Companies and be paid or

discharged as per the directions of such division/Companies respectively.

- iii. **Permissions, licenses and approvals:** The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the two successor State divisions/Companies shall vest in and become available to the respective divisions/Companies. Any no-objection certificates, licenses, permissions, consents, approvals, authorizations, registrations or statutory rights as are held by the Company shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights of both the State divisions so as to facilitate the continuation of operations of both the State divisions/Companies.
- iv. **Incentives, credits, exemptions etc:** All existing and future incentives, unavailed credits and exemptions, other statutory benefits, including in respect of Income Tax, Excise, customs, VAT, Sales Tax, Service Tax etc to which the company is entitled in terms of various Statutes / Schemes / Policies etc of Union and State Government shall be available to and vest in the successor State divisions/Companies in the population ratio upon this Plan becoming effective. Further the experience, track record and credentials of the Company prior to the Plan becoming effective shall be taken in to account and treated and recognized as the experience, track record and credentials for both the successor State divisions/Companies including for the purpose of eligibility, standing, evaluation and participation of the respective successor State divisions/Companies in all existing and future bids, tenders and contracts.
- v. **Taxes, duties etc:** All taxes, duties, cess payable by the Company relating to the successor State divisions /Companies including all or any advance tax payments, tax deducted at source, tax liabilities, refunds, credits, claims relating thereto shall for all purposes be treated as advance tax payments, tax deducted at source, tax liabilities or refunds/credits/claims as the case may be of the respective successor State divisions/Companies.
- vi. **Bank accounts:** The Company shall open separate banking accounts for both the successor State divisions/Companies and all cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Company pertaining to the business relatable to the respective successor State divisions/Companies be deposited and accepted by the bankers and credited to the respective successor State division/Companies accounts maintained with them as if the cheque etc is received in the name of such respective State division/Company and presented.
- vii. **To be held in trust:** It is clarified that if any asset (estate, rights, title, interest in or relating to such asset) or any contracts, deeds, bonds,

agreements, schemes, arrangements or other instruments of whatsoever nature relating to the respective successor State division/Company which the company cannot transfer to the respective successor State division /Company shall hold such asset, contract etc in trust for the benefit of such respective division in so far as it is permissible till such time as the transfer is effected to such division/Company.

- viii. **Assets acquired after appointed date for the Plan:** Where any asset has been acquired by the company after the appointed date for the Plan and before the Effective date of the Plan such asset shall be allocated or apportioned to the respective successor State divisions/Companies as per the provisions of this Plan as if such asset has been acquired for such division/Company
- ix. **Plan of apportionment:** A detailed plan of apportionment of assets between the Successor State Divisions /Companies is annexed as **annexure – II.**

- d. **Immovable assets:** All immovable assets of the Company, owned or held through leasehold rights, by it shall be allocated to the respective successor State divisions/Companies on the basis of their location or situation of such assets, which means that if an assets is situated within the geographical boundaries of a particular successor State, such asset shall belong to that particular successor State division/Company and the Head office of the Company shall be divided between the two successor State divisions/Companies on the basis of population ratio as per the provisions of the Andhra Pradesh Reorganisation Act, 2014.

Division of Office Space:- Presently the Company is operating only through its headquarters situated in a leased office space in the 1st and 2nd floors of Kashana Building, Engineer-in-Chief (PH) Complex, A C Guards, Hyderabad – 500 004 in an area of 558.77 Sq.mts office space including common areas.

On this Plan becoming effective the office space between the successor State Divisions/Companies shall be divided in the population ratio which translates as under:

S.No.	Particulars	Area in Sq.mts.
01	Telangana division	181.22
02	Seemandhra division	252.10
03	Common areas	125.45
	Total area	558.77

Detailed allocation and usage of the above office space is annexed as **annexure – III.**

On the land belonging to Director Town and Country Planning (DTCP) a new office building is being constructed with APUFIDC funding the whole expenditure of the construction. Through an MoU built up office space of 3,853.24 Sq mts. has been allotted to APUFIDC. Possession of the same will be handed over to APUFIDC on the completion of construction. The division of space in the new building between the respective successor State divisions/Companies is annexed as **annexure – IV.**

V. APPORTIONMENT AND TRANSFER OF LIABILITIES:

Upon coming into effect of this Plan and with effect from the Appointed date of the Plan-

- a. **Transfer and vesting of liabilities:** All loans raised and used, debts, liabilities, duties and obligations of every kind, nature description, including export obligations, if any, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Company shall as on the appointed date for this plan and relatable to the respective successor State divisions/Companies be transferred to such division/Company without any further act or deed, to the extent that they are outstanding as on the Effective Date and shall become the loans, debts, liabilities and obligations of such successor State division/Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.
- b. **Liabilities discharged after the appointed date for the plan:** Where any of the debts, loans raised, liabilities and obligations of the Company as on the appointed date for the plan have been discharged by the Company after the appointed date for the plan and prior to the effective date for the plan such discharge shall be deemed to have been done for and on account of such successor State division/Company to which such debt or liability is relatable or allocated on the appointed date for the plan.
- c. **Liabilities incurred after the appointed date for the Plan:** All loans raised and all liabilities and obligations incurred by the Company for the operations relatable to a particular successor State division/Company, after the appointed date for the plan and prior to the effective date for the plan, shall subject to the terms of this plan be deemed to have been raised or incurred for and on behalf of such successor State division/Company and shall vest in it to the extent it is outstanding on the effective date for the plan and shall without any further act or deed be and stand transferred to such successor State division/Company and shall become the debt or liability of such successor State division/Company.
- d. **Security created on the assets of the other State division/Company:** The securities or encumbrances created with respect to liabilities allocated to one successor State division/Company over the assets allocated to the other successor State division/Company shall stand discharged from the effective date of the plan and the assets of the successor State division/Company to which such liability relates shall offer their assets as security for such liability.
- e. **Plan of apportionment:** A detailed plan of apportionment of liabilities between the successor State Divisions/Companies is annexed as **annexure – V.**

VI. CONTRACTS, DEEDS ETC

Upon coming into effect of this Plan and subject to the provisions of this Plan –

- a. **Transfer and Vesting of Contracts:** All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature entered into or executed by the Company shall on the coming into effect of this Plan be allocated to the respective successor State divisions/Companies as if they

have been entered into or executed by them, without any further act or deed for such transfer.

- b. **Pending Purchase Orders etc:** All purchase / procurement orders issued by the company on various suppliers, sellers etc relatable to the business of respective successor State divisions/Companies shall be transferred to such divisions/Companies on the Plan becoming effective and such divisions/Companies shall honour such purchase orders etc as if such orders have been placed or issued by them.
- c. **Pending Sale / supply commitments:** All sale / supply / service agreements or contracts entered into by the Company from various customers relatable to the business of respective successor State divisions/Companies shall be transferred to such divisions/Companies on the Plan becoming effective and such divisions/Companies shall honour such sale / supply / service commitments etc as if they have been placed on them and accepted by them.
- d. **List of Contracts:** Lists of all the contracts, deeds etc as mentioned above as on the appointed date for the plan are prepared by the company and divided between the successor State divisions/Companies as per the provisions of this plan and annexed as **annexure-VI**. All such contracts etc. along with all relevant documents be physically handed over to the concerned successor State division /Company within 15 days of this Plan becoming effective.

VII. LEGAL PROCEEDINGS:

Continuance of Proceedings: Upon coming into effect of this Plan, all legal or other proceedings including before any statutory or quasi-judicial authority or tribunal by or against the Company under any statute, whether pending on the appointed date for the plan or which may be instituted any time thereafter and in each case relatable to the successor State divisions/Companies shall be attended, continued, contested and enforced by or against such respective successor State division/Company.

- a. **Allocation of Proceedings:** All the legal proceedings of the company shall be allocated to the successor State divisions/Companies based on their relatability to the business of each such successor State division/Companies
- b. **List of pending proceedings:** Lists of all pending legal proceedings etc as mentioned above as on the appointed date for the plan are prepared by the company and divided between the successor State divisions/Companies as per the provisions of this plan and annexed as **annexure-VII**. All such pending legal proceedings along with all relevant documents be physically handed over to the concerned successor State division/Company within 15 days of this Plan becoming effective.

VIII. EMPLOYEES:

- a. **Continuance of employment:** All staff and employees of the Company in service on the effective date for the plan shall be deemed to have become staff and employees of the respective successor State divisions/Companies from the appointed date for the plan without any interruption of or break in their service and the terms and conditions of their employment with such successor State division/Company shall not be less favourable than those applicable to

them with reference to their employment with the Company on the appointed date for the plan.

- b. **Continuance of employee benefits:** It is expressly provided that, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts including any employment benefits, terminal benefits etc created or existing for the benefit of the staff and employees of the Company relatable to the respective successor State Division/Company be listed out and transferred to such successor State Division /Company on within 15 days of this Plan becoming effective.
- c. **Existing Manpower:** The existing sanctioned strength of the company and the vacancy position as on the appointed date for this plan is prepared and annexed as **annexure-VIII** to this plan.
- d. **Proposed division of employees:** The division of the existing sanctioned strength of the company and the vacancy position as on the appointed date for this Plan between the two successor State divisions/Companies is prepared and annexed as **annexure-IX** to this plan.

The existing Consultants working for the Company will continue to serve both the divisions of the entity.

- e. **Actual allocation of employees:** The actual allocation of the staff and employees of the Company between the two successor State divisions/Companies shall be made as per the guidelines to be released by the Government.

IX. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Plan the transfer and vesting of the above transactions under this Part of the Plan shall not affect any transactions or proceedings already concluded by the Company on or before the Appointed Date for the Plan or thereafter, to the end and intent that the respective successor State divisions/Companies accept and adopt all such acts, deeds and things made, done and executed by the Company as acts, deeds and things made, done and executed by or on behalf of the respective successor State divisions/Companies themselves.

SECTION - 2

CONDUCT OF BUSINESS

With effect from the Appointed Date for the Plan and up to and including the Effective Date for the Plan:

- a. **Continuance of Business in Trust:** The Company shall be carrying on and be deemed to have been carrying on all business and activities relating to the respective successor State divisions/Companies and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and

strategic decisions of the respective successor State divisions/Companies for and on account of, and in trust for such successor State divisions /Companies.

- b. **Profits & Losses:** All the profits and income accruing or arising to the Company from the operations of the respective successor State divisions/Companies and the losses and expenditure arising or incurred by it relating to such State division/Company for the period commencing from the Appointed Date for the Plan shall for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be of such State division/Company.
- c.
- d. **Exercise of rights and powers:** Any of the rights, powers, authorities, privileges, attached, related or pertaining to the respective successor State divisions/Companies exercised by the Company shall be deemed to have been exercised by such respective successor State Division/Company for and on behalf of, and in trust for and as an agent of such successor State Division/Company. Similarly any of the obligations, duties and commitments attached, related to or pertaining to the respective successor State Division/Company that have been undertaken or discharged by the Company shall be deemed to have been undertaken for and on behalf of and as an agent for such successor State Division/Company.

SECTION – 3

ACCOUNTING TREATMENT IN THE BOOKS

The accounting treatment of the transactions under this Plan in the Books of the respective successor State Divisions/Companies shall be as under.

- A. **Transfers at Book Value:** The assets and the liabilities of the Company divided between the respective successor State Divisions/Companies shall be at values appearing in the books of account of the Company as on the close of business on the day immediately preceding the Appointed Date for the Plan. For this purpose, any change in value of assets, consequent to their revaluation, if any, shall be ignored.
- B. **Treatment of difference in assets and liabilities in the Balance sheet:** The difference between the value of assets and value of liabilities apportioned / allocated / transferred pursuant to the Plan to the respective successor State divisions/Companies shall in their books be adjusted against the Reserves or Goodwill as the case may be and recorded in their books.

PART – III

GENERAL TERMS AND ONDITIONS

- A. This Plan to be effective shall be approved by the Board of Directors of the Company and thereafter be approved by the Government for implementation.
- B. Any modifications or amendments to this Plan shall be approved by the Board of Directors of the Company and approved by the Government.

Letter from the Principal Secretary Industries and Commerce (SRC)

**GOVERNMENT OF ANDHRA PRADESH
INDUSTRIES & COMMERCE (SRC) DEPARTMENT**

Letter No: 3685/INF(SRC)/2014 Date 20-3-2014

To
All Government Undertakings in AP

Sir,

Subj: AP Reorganisation Act 2014 -- Bifurcation of the
State Sectoral Committee on apportionment of Assets
and Liabilities of companies and corporations --
Regarding

Ref:- Lr. No. 3685/INF(SRC)/2014 Date 15-3-2014

Please recall the discussions held during the meeting held at 11.30 am on 18-3-2014 in GA Conference Hall, AP Secretariat on the distribution of Assets and Liabilities in connection with Re-organization of the state. During the meeting the following points have been explained to all the Government undertakings participated.

1. Each entity to prepare the list of assets and liabilities of the respective Government undertaking separately for the state of Andhra Pradesh and also for the state of Telangana. There will be assets and liabilities that are relevant to districts which are distinct to one State and there will be assets and liabilities that are common to both States (example—head office land and building). The assets and liabilities should be based on the latest audited accounts / balance sheet of the organization.
2. As per Section 58 AP Reorganisation Act 2014 of the , the companies and corporations specified in the Ninth Schedule constituted for the existing State of Andhra Pradesh shall, on and from the appointed day, continue to function in those areas in respect of which they were functioning immediately before that day. Before "Appointed Day", each entity specified in the Ninth Schedule should have two distinct units catering to the two States so that the activities in both states are carried out distinctly, without any break in delivery of services after the appointed day.
3. As per Section 58 AP Reorganisation Act 2014, the assets, rights and liabilities of the companies and corporations shall be apportioned between the successor States in the manner provided in Section 53. Before the "Appointed Day", each entity specified in the Ninth Schedule should have two distinct lists of assets and liabilities, including employees, relating to the two States according to the terms of Section 48 and 53. All entities have to ensure that the latest audited accounts

are available and this will be the basis for determining assets and liabilities.

4. Each entity will prepare a scheme of demerger as per Companies Act or Section 21 of the AP Societies Registration Act or Section 21 of the AP Cooperative Societies Act. Scheme of demerger has to be submitted to present State Government through the parent department. Once scheme of demerger is approved by present State Government, assets, liabilities and employees have to be transferred to the new entity. GOI may issue guidelines per Section 74.
5. The corresponding new entity has to be created and registered in the new Telangana State after the appointed date
6. Every entity should hire a consultant to help prepare the demerger scheme. The present Auditors of the entity can be entrusted with this task. If the present Auditors are not competent to prepare the demerger scheme, consultants may be hired. In view of the shortage of time, Consultants may be hired and the terms and conditions of such Consultant be informed to PE Department.

Formats for tabulating the information in soft copy are herewith communicated for collecting the data. The soft copy of the AP Reorganization Act 2014 and the two presentations made on 18-3-2014 are also attached herewith. Hard Copies of the information should be furnished to the Principal Secretary, Industries & Commerce (SKC) Department, 2nd Floor, D-Block, AP Secretariat, Hyderabad and soft copies should be emailed to mrsundar.00@yahoo.com. For any further information Please contact Sri. M. Sachu Sundar, Officer on Special Duty (OSD) mobile: 9640909805.

The following will be the steps needed to be taken by each entity

- 1) Finalization of latest (or as latest as possible) accounts
- 2) Appointment of Consultant
- 3) Creation of lists of assets and liabilities
- 4) Creation of list of employees
- 5) Creation of demerger plan
- 6) Approval of demerger plan by Board of Directors and shareholders if required
- 7) Submission of demerger plan to parent Secretariat department
- 8) Approval of demerger plan by Government
- 9) Creation of two distinct state units within entity

All the Managing Directors / CEOs are requested to submit a Status Report by 29th March 2014 on the progress of demerger based on the actions required.

Yours faithfully,

Sd/-

PRINCIPAL SECRETARY & CIP

Copy to all Spl. CSs/Prl Secys/Secys
of the concerned Department

ALLOCATION OF ASSETS

SL.No	Description	Proposed Basis of Allocation
I	<u>Fixed Assets:</u>	
1	OFFICE EQUIPMENT	No of Units in Population Ratio
2	VEHICLES	No of Units in Population Ratio
II	<u>Current Assets:</u>	
1	Interest accrued but not due on Term Deposits	Project Location basis to the extent possible, balance on population ratio
2	Cash on Hand	Project Location basis to the extent possible, balance on population ratio
3	Bank Balances	Project Location basis to the extent possible, balance on population ratio
4	Deposits with Banks	Project Location basis to the extent possible, balance on population ratio
III	<u>Loans and Advances:</u>	
1	Advances to ULBs	Project Location basis to the extent possible, balance on population ratio
2	Other Advances to ULBs	Project Location basis to the extent possible, balance on population ratio
3	Other Advances Including Staff Advance	Actual
4	Telephone Deposit	Project Location basis to the extent possible, balance on population ratio
5	Expenses Recoverable	Location Basis
6	AACRFID-releases to ULBs	Project Location Basis

**Proposal for division of all IT infrastructure between
two States of Andhra Pradesh and Telangana of
APUFIDC**

S.No	Description of the Asset	No of Units	Proposed for	
			Andhra Pradesh	Telangana
1	Xerox Machine	2	1	1
2	Printers	12	7	5
3	Printers (color)	2	1	1
4	Computers	35	20	15
5	Laptops/Note Books	6	3	3
	Sub Total	57	32	25
6	Server	1	Common	
7	Fax Machine	1		
	Sub total	2		
	Grand Total	59		

**Proposal for division of all movable assets between
two States of Andhra Pradesh and Telangana of
APUFIDC**

S.No	Description of the Asset	No of Units	Proposed for	
			Andhra Pradesh	Telangana
1	Land line Phones	14	8	6
2	Chairs	97	56	41
3	Chairs(3 seaters)	6	3	3
4	Tables	50	29	21
5	Almirahs	46	27	19
6	Fans	37	21	16
7	Sofa-Three Seater	5	3	2
8	Sofa-Singal Seater	5	3	2
9	Racks	17	10	7
10	L.G-AC (Air Conditioner)	17	10	7
	Sub Total	294	170	124
11	Generator	1	Common	
12	TV	1		
13	Refrigerator	1		
14	Coffee - Machine	1		
	Sub Total	4		
	Grand Total	298		

ANNEXURE-III**Proposed Allotment of Building Space in the Existing Rented Property - ENC (PH) Building, First Floor and Second Floor to the State of Telangana**

S.NO	Room No	Sq mts	Presently occupied	Proposed allotment	Region
1	1	19.30	N V R K Prasad	AM / ED	T
2	2	19.30	M V Subba Rao	PM-2	T
3	3	19.30	Durgaiah	DA-1	T
4	4	19.30	N V Rao	APM-1	T
5	5	19.30	Accounts	Accounts	T
6	6	19.30	Audit	Adminstration , PPP	T
7	17	19.30	MEPMA	Finance , UC	T
8	18	46.12	CE	MD	T
	Total	181.22			

Total Area of Building : 433.32 Sq mts

Proposed for Telangana : 181.22 Sq mts

APUFIDC - Proposed Allotment of Building Space in the Existing Rented Property - ENC (PH) Building, First Floor and Second Floor to the State of Andhra Pradesh

S.NO	Room No	Sq mts	Presently occupied	Proposed allotment	Region
1	7	19.30	CS	CS , MFE	A
2	8	19.30	UC	PM-2, PS-1	A
3	9	19.30	FM / MF	FM , PA- 1	A
4	10	38.60	PM	PHE	A
5	11	59.10	MD	MD	A
6	12	19.30	AM	UGE	A
7	13	19.30	Administration	Administration	A
8	14	19.30		Accounts	
9	15	19.30	PPP	URA	A
10	16	19.30	ED	ED / AM	A
	Total	252.10			

Total Area of Building : 433.32 Sq mts

Proposed for Andhra Pradesh : 252.10 Sq mts

APUFIDC - Proposed Allotment of Building Space in the Existing Rented Property - ENC (PH) Building Second Floor common to the States of Andhra Pradesh and Telangana

S.NO	Room No	Sq mts	Presently occupied	Proposed allotment	Region
1	19	48.25	Server, System Administrator	Server, System Administrator	C
2	20	19.30	Lunch Room	Lunch Room	C
3	21	19.30	Gents Toilet	Gents Toilet	C
4	22	19.30	Ladies Toilet	Ladies Toilet	C

5	23	19.30	Store Room	Store Room	C
Total		125.45			

558.77

Total Area of Building : 433.32 Sq mts
Proposed for Common purpose : 125.45Sq mts

**APUFIDC - Proposed Allotment of Building Space in Newly
Constructed APUFIDC Building**

(Area in Sq Mts)

S.NO	Floor No	Total Area	<u>Proposed allotment</u>	
			Telanagana	Andhra Pradesh
1	Basement I	1288.58	644.29	644.29
2	Basement II			
3	Ground Floor	384.00	192.00	192.00
4	1	384.00	384.00	0.00
5	2	384.00	384.00	0.00
6	3	384.00	0.00	384.00
7	4	384.00	0.00	384.00
8	5	384.00	0.00	384.00
9	6	130.33	65.17	65.17
10	7	130.33	65.17	65.17
	Total	3853.24	1734.62	2118.62
			45%	55%

ALLOCATION OF LIABILITIES

S. No	Items	Proposed Basis of Allocation
	Share Capital	
1	Share Capital	Population Ratio
	Current Liabilities & Provisions	
2	Undisbursed Subsidies & Other Funds	Population Ratio
3	9% A&S charges	Population Ratio
4	1% A&S charges	Population Ratio
5	Interest on Deposits Payable to ULBs	Location Basis
6	Sundry Creditors for Supplies & Service	Location Basis
7	A&S Charges Payable on Recovery from ULBs	Location Basis
8	AACRFID-Govt Receipts	Location Basis
9	10.APUIF-(ACCRFID)	Location Basis

ANNEXURE-VI**Details of Contracts / Agreements****(Amount in Rs.)**

SI .No	Agreement Name	Agree ment No.	Agreemen t Date	Agreemen t Amount	Amount Paid as on 31.03.2014	Amount To Be Paid For the Work Done as on 31.03.201 4	Amount paid in the month of April, 2014	Amount Required to Complete the Work	Net balance to be paid (6-7+8)	A.P Share	Telangana Share
1	2	3	4	5	6	6	7	8	9	10	11
1	Third Party Quality Control Assurance Service for all works under UIDSSMT of JnNURM. The Gol sponsored scheme in Hyderabad, Guntur, Visakhapatnam, Rajahmundry & Ananthapur part-2 PH circles	QA 2/2009 -10	14/07/2009	86993000	60057598	7941551	7941551	9876883	9876883	5728592	4148291
2	Third Party Quality Assurance Service for works connected with HDPE pipes & specials under UIDSSMT of JNNURM (54 projects)	QA 1/2009 -10	14/07/2009	8610000	4034433	3960214	0	615353	4575567	2653829	1921738
3	Third Party Quality Control Assurance Service for all works under UIDSSMT of JnNURM. The Gol sponsored scheme in Warangal, Nellore &	QAQC 2/ 2008- 09	15/07/2008	41520000	36204671	2109187	0	2270200	4379387	2540044	1839343

Sl .No	Agreement Name	Agreement No.	Agreement Date	Agreement Amount	Amount Paid as on 31.03.2014	Amount To Be Paid For the Work Done as on 31.03.2014	Amount paid in the month of April, 2014	Amount Required to Complete the Work	Net balance to be paid (6-7+8)	A.P Share	Telangana Share
1	2	3	4	5	6	6	7	8	9	10	11
	Ananthapur circle-I PH circles										
4	Third Party Quality Control Assurance Service for all works except HDPE, UPVC works under UIDSSMT of JnNURM. The Gol sponsored scheme in Warangal, Nellore & Ananthapur circle-I PH circles	QA 3 2009-10	16/07/2009	30997000	23099462	2602626	0	1581000	4183626	2426503	1757123
5	Third Party Quality Control Assurance Service for all works under UIDSSMT of JnNURM. The Gol sponsored scheme in Hyderabad, Guntur, Visakhapatnam & Ananthapur part-2 PH circles	QAQC 3 2008-09	15/07/2008	41672000	34263343	3154139	3154139	3256589	3256589	1888822	1367767
6	Providing of Hire Vehicles to Officers	8041/A 4/APU FIDC/2	01/09/2013	3737844	1868922	0	193992	1868922	1674930	971459	703471

Sl .No	Agreement Name	Agreement No.	Agreement Date	Agreement Amount	Amount Paid as on 31.03.2014	Amount To Be Paid For the Work Done as on 31.03.2014	Amount paid in the month of April, 2014	Amount Required to Complete the Work	Net balance to be paid (6-7+8)	A.P Share	Telangana Share
1	2	3	4	5	6	6	7	8	9	10	11
		011									
7	Providing Outsourcing Man Power to APUFIDC	A4/8423/APU FIDC/2011	01/07/2013	7874786	5906090	0	660949	1968696	1307747	758493	549254
8	JNNURM- IHSDP- TPIMA- Third Party Inspection & Monitoring Services	APUFIDC - TPIMA/2	27/08/2009	17225465	12888368	0	0	4337097	4337097	2515516	1821581
9	JNNURM- IHSDP- TPIMA- Third Party Inspection & Monitoring Services	APUFIDC - TPIMA/3	27/08/2009	16578069	14518287	0	0	2059782	2059782	1194674	865108
10	JnNURM - UIG -- IRMA - Independent Review & Monitoring Agency Consultancy Services	Contract Agreement	15/07/2008	19059400	15959400	0	0	3100000	3100000	1798000	1302000
11	JnNURM - BSUP - TPIMA - Third Party Inspection & Monitoring Services	APUFIDC- TPIMA /1	26/08/2009	18700000	15388990	0	0	3311010	3311010	1920386	1390624
	TOTAL			292967564	224189564	19767717	11950631	34245532	42062618	24396318	17666300

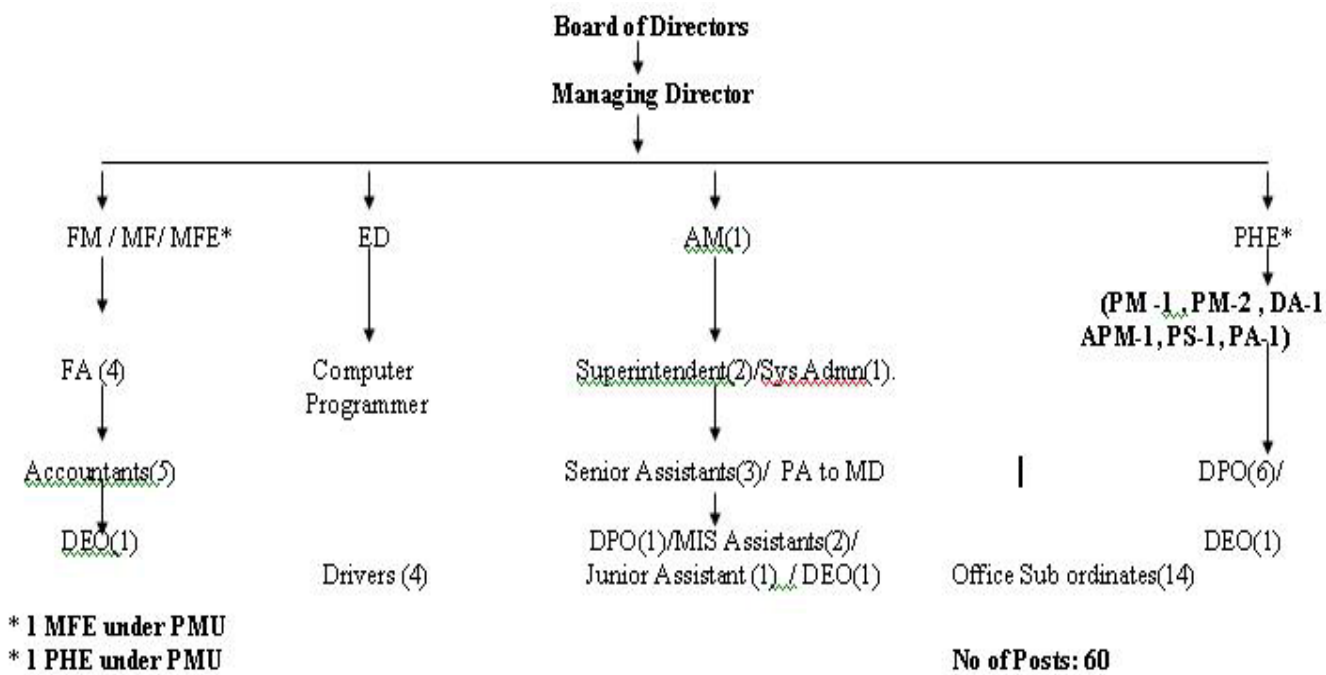
ANNEXURE-VII

Pending Proceedings / Court Cases

S I. N o	Court Name	Case Number	Case Year	Petitioner	Respondent	Petitioner Advocate	Respondent Advocate	Case Subje ct/Cat egory	Brief Prayer of case	Date of Filing	Date of Listing/ Hearing	Date of Counter Filed	Present Stage of case
1	High Court	23325	2013	CADD Info Solutions Pvt Ltd Visakhapatnam	GoAP rep MAUD CDMA APUFIDC Palacole and Narsapur	P Ravisankar and G Venkateswarlu Hyderabad	GPs and SCs	Others	To direct the respondents to pay the amounts for preparation of project reports	10/06/2013	18/08/20 13	16/09/2013	Notice Admission

Existing Man Power and Organogram

S. No	Category	No. of posts existing as on01-03-2014
1	Managing Director	1
2	*Chief Engineer/ Superintending Engineer	2
3	Executive Director/ Administrative Manager	2
4	Finance Manager/Municipal Finance Expert*	3
5	Executive Engineers	5
6	Superintendent	2
7	Senior Assistant	3
8	Financial Analyst	4
9	System Analyst	1
10	PA to MD/ Junior Assistant	2
11	Data Entry Operator	3
12	Accountants	5
13	MIS Asst	2
14	Data Processing Officer	8
15	Office Subordinates	14
16	Driver	4
	Total	60



Consultants

S. NO.	Category	No. of posts
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1	Company Secretary	1
2	Urban Consultant	1
3	Financial Analyst (PPP)	1
4	Urban Reforms Analyst	1
5	Urban Governance Expert	1
6	Legal Advisor	1

ANNEXURE-IX

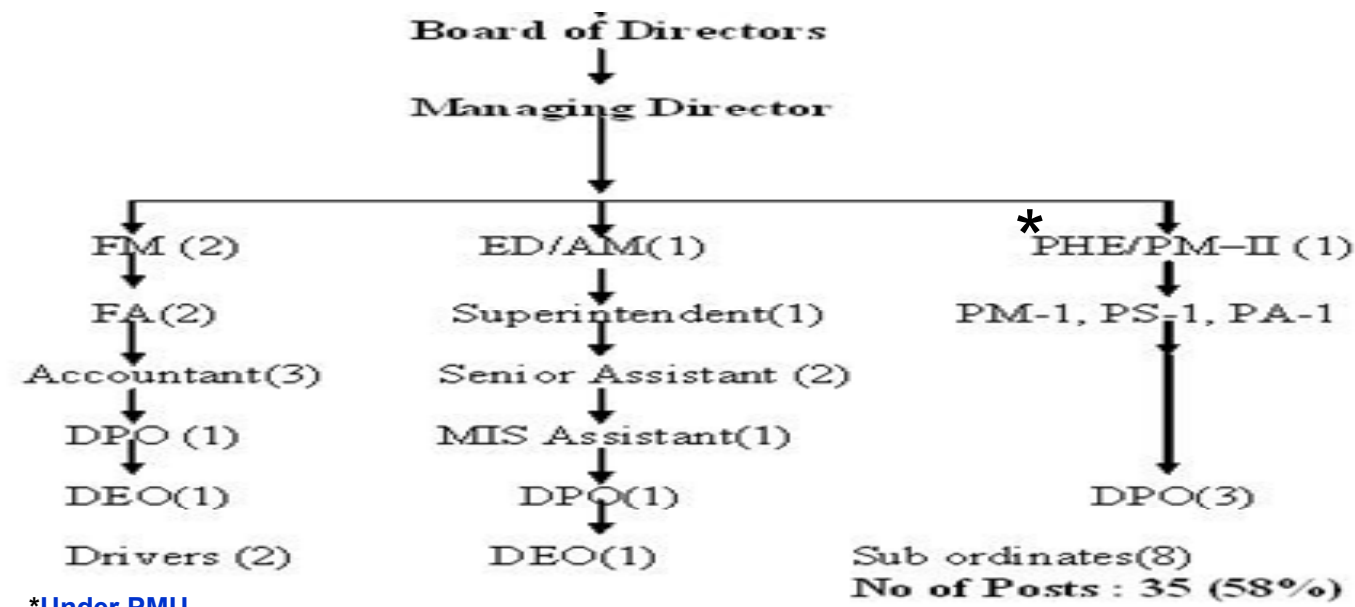
Division of Man Power and Organogram for both the Companies

S.No	Category	No. of posts existing as on 01-03-2014	Proposed Allocation	
			Andhra Pradesh	Telangana
1	Managing Director	1	-	-
2	*Chief Engineer/ Superintending Engineer	2	1	1
3	Executive Director/ Administrative Manager	2	1	1
4	Finance Manager/Municipal Finance Expert*	3	2	1
5	Executive Engineers	5	3	2
6	Superintendent	2	1	1
7	Senior Assistant	3	2	1
8	Financial Analyst	4	2	2
9	System Analyst	1	1	0
10	PA to MD/ Junior Assistant	2	1	1
11	Data Entry Operator	3	2	1
12	Accountants	5	3	2
13	MIS Asst	2	1	1
14	Data Processing Officer	8	5	3
15	Office Subordinates	14	8	6
16	Driver	4	2	2
	Total	60	35	25
			(58%)	(42%)

Consultants:

S. No	Category	No. of posts existing as on 01-03-2014	Andhra Pradesh	Telangana
1	Company Secretary	1	1	
2	Urban Consultant	1		1
3	Financial Analyst (PPP)	1	1	
4	Urban Reforms Analyst	1		1
5	Urban Governance Expert	1	1	
6	Legal Advisor	1	1	
	Total	6		

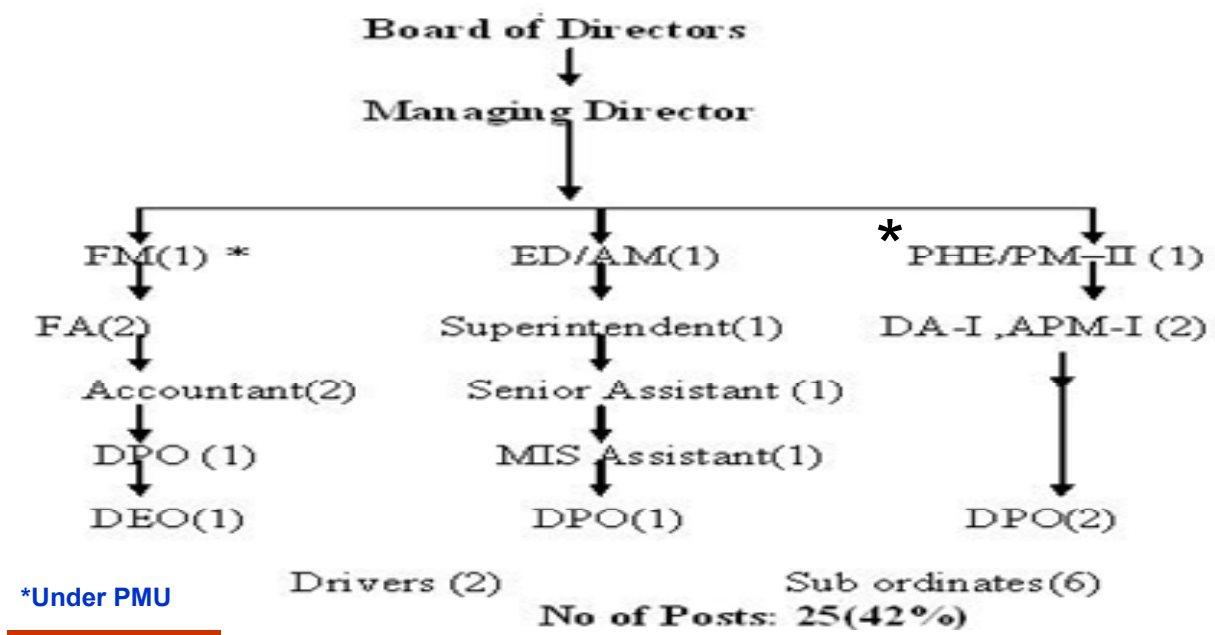
PROPOSED ARCHITECTURE FOR STATE OF ANDHRA PRADESH



Consultants

S. NO.	Category	No. of posts
1	Company Secretary	1*
2	Financial Analyst (PPP)	1
3	Urban Governance Expert	1
4	Legal Advisor	1*

PROPOSED ARCHITECTURE FOR STATE OF TELANGANA



Consultants

S. NO.	Category	No. of posts
1	Company Secretary	1*
2	Urban Consultant	1
3	Urban Reforms Analyst	1
4	Legal Advisor	1*

S.K.JOSHI
PRINCIPAL SECRETARY TO GOVERNMENT (MA) FAC